

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-12 NEA-10 ISO-00 STR-07 SIG-03
MMO-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
FRB-01 H-02 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-02 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
ICA-20 SP-02 SOE-02 OMB-01 DOE-15 AF-10 ARA-14
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R 281859Z AUG 78
FM SECSTATE WASHDC
TO ALL OECD CAPITALS
AMEMBASSY NEW DELHI
USLO PEKING
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY TAIPEI

UNCLAS STATE 218097

USOECN, USEEC

E.O. 11652:N/A

TAGS: ETRD

SUBJECT: CLOTHESPIN: POSSIBLE IMPORT RELIEF

REF: STATE 189262

1. REFTEL REPORTED THAT THE UNITED STATES INTERNATIONAL
TRADE COMMISSION (USITC), ACTING UNDER SECTION 406 OF THE
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TRADE ACT OF 1974, HAD DETERMINED THAT IMPORTS OF CLOTHES-
PINS FROM THE PEOPLE'S REPUBLIC OF CHINA WERE CAUSING
MARKET DISRUPTION WITH RESPECT TO SUCH ARTICLES PRODUCED
BY THE DOMESTIC INDUSTRY. USITC HAS RECOMMENDED THE
IMPOSITION OF A QUOTA OF 431,000 GROSS OF CLOTHESPIN FROM
THE PRC FOR FIVE YEARS. THE PRESIDENT MUST DECIDE BY
OCTOBER 2 WHETHER TO ADOPT THE USITC RECOMMENDATION, TAKE

SOME OTHER ACTION AUTHORIZED BY THE TRADE ACT, OR TAKE NO ACTION.

2- AN INTERAGENCY GROUP IS PRESENTLY PREPARING RECOMMENDATIONS FOR PRESIDENTIAL CONSIDERATION IN THIS CASE. ONE OF THE FACTORS WHICH THE TRADE ACT OF 1974 REQUIRES THE PRESIDENT TO TAKE INTO ACCOUNT IN REACHING HIS DECISION IS "THE EXTENT TO WHICH THE UNITED STATES MARKET IS THE FOCAL POINT FOR EXPORTS OF SUCH ARTICLE BY REASON OF

RESTRAINTS ON EXPORTS OF SUCH ARTICLE TO, OR ON IMPORTS OF SUCH ARTICLE INTO, THIRD COUNTRY MARKETS."

3. ACTION REQUESTED. FOR PEKING: IF POSSIBLE, PLEASE ADVISE WHETHER PRC GOVERNMENT RESTRICTS EXPORTS OF CLOTHESPINS TO ANY FOREIGN COUNTRIES. FOR OTHER ACTION ADDRESSEES: PLEASE ADVISE WHETHER YOUR HOST GOVERNMENT HAS ANY RESTRICTIONS ON IMPORTS OF CLOTHESPINS FROM THE PRC OR GENERALLY. PLEASE REPORT ANY TARIFFS, QUOTAS, VOLUNTARY EXPORT RESTRAINT AGREEMENTS, OR OTHER TRADE RESTRICTIONS AFFECTING CLOTHESPINS.

4. INTERAGENCY GROUP WISHES TO COMPLETE ITS REPORT IN TIME TO PROVIDE THE PRESIDENT WITH THE LONGEST POSSIBLE PERIOD FOR HIM TO STUDY IT. AGENCIES WOULD THEREFORE UNCLASSIFIED

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VERY MUCH APPRECIATE YOUR RESPONSE BY SEPTEMBER 1.

5. FYI. IN CONTRAST TO SECTION 201 OF THE TRADE ACT OF 1974, SECTION 406 IS DIRECTED AT "MARKET DISRUPTION" DUE TO EXPORTS FROM COMMUNIST COUNTRIES ONLY. SECTION 201 IS DIRECTED AT INCREASED IMPORTS WHICH ARE "A SUBSTANTIAL CAUSE OF SERIOUS INJURY, OR THE THREAT THEREOF, TO THE DOMESTIC INDUSTRY..." WITHOUT REGARD TO THE COUNTRY OF ORIGIN. TRADE STATISTICS INDICATE THAT PEOPLE'S REPUBLIC OF CHINA HAS APPROXIMATELY THE SAME SHARE OF THE U.S. CLOTHESPIN MARKET AS REPUBLIC OF CHINA, AND SEVERAL OTHER COUNTRIES ARE ALSO SUBSTANTIAL SUPPLIERS. GIVEN THIS AND OTHER FACTORS, THE USITC, SHORTLY AFTER ANNOUNCING ITS RECOMMENDATION IN THE 406 CASE, ANNOUNCED THE INITIATION, ON ITS OWN MOTION, OF AN INVESTIGATION OF CLOTHESPINS IMPORTED FROM ALL COUNTRIES UNDER SECTION 201. HOWEVER, THE PRESIDENT'S DECISION IN THE 406 CASE MUST BE MADE BY OCTOBER 2, AND ITC RECOMMENDATION IN THE 201 CASE CAN NOT COME UNTIL LATE OCTOBER AT THE EARLIEST. SECTION 201 IS 19 USC 2251. SECTION 406 IS 19 USC 2436. THIS CASE IS THE FIRST 406 ACTION WHEREIN THE ITC RECOMMENDED IMPORT RELIEF. END FYI. CHRISTOPHER

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